mandatory to overcome the crisis of balance of payment in the wake of the country being once again under the pressure of inflation during the year 2001-2002; and

(b) if so, the reasons that have led to this situation and the details of action taken by Government to solve this problem?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) No, Sir. India's Balance of Payments (BoP) position in 2001-02 is expected to remain well manageable. In fact, there has been a net accretion to foreign exchange reserves of US $ 1450 million in 2001-02 up to July 31, 2001. World Bank assistance, as in the past, will continue to be an important, though not a major, source of support to India's BoP.

(b) The country's balance of payments position is monitored closely both by the Government and the Reserve Bank of India and appropriate measures are taken, when necessary, to increase the growth of exports and invisible receipts and to enhance the level of non-debt creating capital flows, particularly of foreign investments, so as to help maintain a viable balance of payments position and an adequate level of foreign exchange reserves.

Action against officers of cooperative bank of Gujarat

1787. SHRI BRAHMAKUMAR BHATT: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware of the panic created in Gujarat due to failure of a co-operative bank;

(b) the action being taken by the RBI to protect the interest of investors in general and small investors in particular;

(c) the action being taken against the officers who violated all banking norms and made available bank money to share brokers at Kolkata and Mumbai; and

(d) the action proposed to be taken for recovery of money?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) The sudden rush for withdrawal of deposits beginning 9th March, 2001 and closure of Madhavpura Mercantile Cooperative Bank Ltd. (MMCB) on 13th March, 2001 had created large-scale panic amongst

depositors of urban cooperative banks and triggered a run on the deposits of several cooperative banks not only in Ahmedabad but also in other towns in Gujarat.

(b) With a view to protect the interests of the depositors of MMCB, Reserve Bank of India (RBI) has taken certain measures such as imposition of directives under Section 35A of the Banking Regulation Act, 1949 (As Applicable to Cooperative Societies), supersession of Board of Directors of MMCB, filing of complaint in the Court of Chief Metropolitan Magistrate, Ahmedabad against the Chairman and Managing Director of MMCB. RBI has requested Registrar, Cooperative Societies, Gujarat to supercede the Board of Directors of Classic Cooperative Bank Ltd., Ahmedabad. The affairs of urban bank having high Credit-Deposit Ratio, borrowings, etc. are being monitored closely. The system of off-site surveillance in respect of scheduled urban cooperative banks in the country have been introduced from 30 March, 2001. The prudential norm relating to Capital Adequacy (Capital to Risk Assets Ratio-CRAR) is also being made applicable to Urban Cooperative Banks.

(c) and (d) RBI has filed a criminal complaint in the court of Chief Metropolitan Magistrate, Ahmedabad against the bank, its Chairman and Managing Director under Section 46 of the Banking Regulation Act, 1949 and Section 58B read with Section 56C of the RBI Act, 1934 for having willfully made false statements to RBI regarding borrowings and their failure to submit information/statements as regards withdrawal of deposits and trial balances as promised by them. The case is also being enquired into by Central Bureau of Investigation on a complaint lodged by Bank of India. Some officials of MMCB have been arrested.

A group has been constituted by Central Registrar of Cooperative Societies to suggest measures for revival of MMCB and the proposed course of action for its rehabilitation including steps for recovery of its dues will be examined by RBI in the light of its recommendations to be submitted by the group. The Administrator of the bank is expected to file arbitration case against the defaulters for recovery of dues.

Rewards to informers

1788. SHRI BRAHMAKUMAR BHATT: Will the Minister of FINANCE be pleased to state:

(a) the details of the policy or, guidelines to pay rewards to informers who inform Government of smuggled goods / black money;